

**DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
REVIEW OF PASSENGER VEHICLE FLEET  
FISCAL YEAR ENDED JUNE 30, 1999**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
REVIEW OF PASSENGER VEHICLE FLEET  
FISCAL YEAR ENDED JUNE 30, 1999

EXECUTIVE SUMMARY

The Department of Environmental Management (DEM) could benefit from centralizing the procurement, use, maintenance, and operation of its passenger fleet. Converting the current system of tracking individual vehicle costs from an annual Excel spreadsheet to an Access database will give DEM the ability to generate historical cost information and aid in making replacement or repair decisions.

State Fleet Operations identified 236 passenger vehicles assigned to DEM as of May 28, 1999. The department operates many old, high-mileage passenger vehicles that need to be replaced.

The State of Rhode Island does not have a minimum mileage requirement for assigned state vehicles. Many of DEM's vehicles are used largely for commuting from the employee's home to their office. Contrary to state policy, many DEM employees calculate commuting miles from their home address to the nearest state vehicle storage facility.

Most employees are not reimbursing the department for commuting miles in accordance with Rhode Island General Laws.

It is our opinion that DEM's position for exempting enforcement officers and criminal investigators from reimbursing the state for commuting miles does not comply with the definition in the General Law. Therefore, we have requested a legal opinion from the Department of Administration's legal counsel. When this opinion becomes available it will be shared with all concerned parties.

We inspected 210 of the 236 passenger vehicles assigned to DEM. Overall, vehicles appeared to be well maintained and did not show signs of abuse.

Various financing methods are available to DEM for the replacement of vehicles. However, funding needs would have to be increased for several years to cover new vehicle purchases as well as lease payments.

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April 14, 2000

Jan H. Reitsma, Director  
Department of Environmental Management  
235 Promenade Street  
Providence, RI 02908

Dear Mr. Reitsma:

Pursuant to your request, we have completed our review of the Department of Environmental Management's vehicle passenger fleet for the period ended June 30, 1999. The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of the report. Managements' responses to our recommendations are included in this report.

In accordance with Section 35-7-4 of the General Laws, we will review the status of the department's corrective action plan within six months from the issue date of this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pb

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
REVIEW OF PASSENGER VEHICLE FLEET  
FISCAL YEAR ENDED JUNE 30, 1999

**INTRODUCTION**

**Objectives, Scope, and Methodology**

The scope of our review was limited to the Department of Environmental Management's passenger vehicle fleet for the fiscal year ended June 30, 1999. Our objectives were based upon the criteria addressed to the Bureau of Audits by the Director of Administration in an Inter-Office Memo dated April 26, 1999. We were requested to determine (1) the number of vehicles the department has, (2) how many are needed, (3) how many need replacement now, and (4) what is an appropriate replacement schedule in the future.

Information obtained from other audit organizations indicated replacement policies of 6 years or 70,000 miles to 10 years or 120,000 miles. The State of Rhode Island does not have a policy relating to the replacement of state-owned vehicles. Therefore, based on our judgment, the methodology used in this report consisted of replacement criteria of 7 years or 100,000 miles. Justification for assigning passenger vehicles to staff employees, excluding law enforcement, was 10,000 annual business miles.

Our review was made in accordance with *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and auditing procedures as we considered necessary in the circumstances.

The formulation of the findings and recommendations of this report were based upon our:

- Review and analysis of state laws and procedures, federal tax laws, regulations, policies, and procedures;
- Interviews with personnel and tests of the effectiveness of policies and procedures followed to ensure compliance with applicable laws, regulations, and procedures;
- Review and analysis of DEM data maintained by State Fleet Operations within the Department of Administration; and
- Visual inspection of passenger vehicles.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report.

## **Background**

DEM utilizes a decentralized approach for operating its passenger vehicle fleet. Division heads are responsible for the procurement, use and operation of the assigned vehicles. Divisions operating with federal funds have the ability to purchase or replace vehicles on a regular basis. Divisions operating with state appropriated funds are not as fortunate and therefore use available resources to repair vehicles without considering age and mileage.

The United States Energy Policy Act of 1992 (Public Law 102-486) mandates that during the 1999 Model Year 25 percent of new light vehicles acquisitions must be Alternative Fueled Vehicles (AFV). This requirement increases to 50 percent for Model Year 2000 vehicles and 75 percent for Model Year 2001 and thereafter. There are civil and criminal penalties for non-compliance. State Fleet Operations has decided to meet this requirement through the use of Compressed Natural Gas (CNG) vehicles. The Director of Administration has delegated each state agency to comply with these quotas on their own volition. Agencies will be monitored for compliance and corrective action will be taken by State Fleet Operations where necessary.

The Department of Administration established Rules and Regulations governing the use of state-owned vehicles pursuant to the enactment of Section 42-11.3 of Rhode Island General Laws. Under these rules and regulations no state employee may retain a vehicle beyond the employee's normal working hours. Exceptions to the rules and regulations may be granted by the Director of Administration following a written request from an agency head. In August 1991, the director of DEM requested and received an exemption from this policy for certain classes of vehicles within the department.

In December 1991, the director of DEM established a policy for exempted employees who chose to take a state vehicle home at night. A list of 42 designated state vehicle storage facilities was established and employees recalculated commuting miles from their homes to the nearest facility.

Employees using employer-provided vehicles are required under Section A-51 of the Department of Administration's Procedural Handbook, to report the annual personal use of state-provided vehicles (i.e., commuting miles) to the State Controller for the 12-month period ended October 31. Section 42-11.3-4 (A) of the Rhode Island General Laws requires the user of a vehicle owned by a governmental body to reimburse, on a monthly basis, costs incurred as a result of the use of the vehicle in commuting. The reimbursement of commuting miles is used to offset the taxable fringe benefit as determined by IRS Regulations. Any unreimbursed amount is considered a taxable fringe benefit which the State of Rhode Island includes as income on the employee's W-2 form. FICA (social security) taxes are withheld from the total amount of the taxable fringe benefit in December.

The Department of Administration, State Fleet Operations, as of May 28, 1999, identified 236 passenger vehicles assigned to the Department of Environmental Management. Exhibit 1 shows the way we classified the department's passenger fleet.

**Exhibit 1**

<b>Passenger Vehicles Classified for Report Purposes</b>	
<b>Description</b>	<b>Number</b>
Identified as Commuting Vehicles (1)	88
Division of Enforcement	42
Office of Criminal Investigations	6
Vehicles Identified as Stored on State Facilities	100
Total Vehicles	236

(1) Vehicles identified as commuting were based on the Annual Report of State-Owned Vehicle Usage submitted to the Department of Administration, State Fleet Operations during the month of January, 1999 and covers the period November 1, 1997 to October 31, 1998.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
REVIEW OF PASSENGER VEHICLE FLEET  
FISCAL YEAR ENDED JUNE 30, 1999

**FINDINGS AND RECOMMENDATIONS**

**Centralized Management**

The Department of Environmental Management (DEM) currently operates their vehicle fleet using a decentralized management policy. Division heads are responsible for the procurement, use, and operation of the vehicles assigned. The implementation of the United States Energy Policy Act of 1992 will necessitate a centralized management approach for the procurement of vehicles. The Director of Administration has delegated to each agency the responsibility for complying with the quotas established for alternative fueled vehicles. A centralized management approach should be utilized to ensure that the agency as a whole is in compliance.

DEM presently maintains a system of tracking individual costs associated with its passenger fleet. A Microsoft Excel spreadsheet identifies the plate registration number and vehicle description. The bi-monthly fuel and maintenance charges provided by State Fleet Operations (SFO) are entered into the spreadsheet to track the costs by departmental sections.

DEM should utilize the current spreadsheet as a report-generating tool thereby enhancing management's ability to make decisions involving fleet vehicles. The current system is an excellent foundation on which management can build. Converting this system from Excel spreadsheets to an Access database would give management the ability to track data from year to year and easily generate reports that are both useful and relevant to management's decision-making ability.

The Access database should be expanded and updated periodically to include driver related information and odometer readings. The odometer readings would give management the ability to track costs on a per mile basis. Current odometer reading would also give management the ability to track vehicle usage and aid in making replacement or repair decisions.

Repairs of vehicles should be monitored and controlled. Division heads should be allowed to manage the use and operation of vehicles but should not be authorized to repair vehicles indiscriminately. Management needs to set a maximum allowable dollar amount that a division head can approve for repairs without authorization. Certain repair decisions, such as engine and transmission replacement, should not be made at the division level. Vehicle repair expenses should be tracked and monitored more closely by management and should factor into management's allocation of resources.

Management should review the annual statement of personal usage for state vehicles and the annual report of state-owned vehicle usage forms for completeness, accuracy, and accounting



before these reports are submitted to the respective state agencies. This would ensure that all forms are filed and the agency is in 100 percent compliance.

### **Recommendations**

1. Develop policies and procedures to centralize the purchasing of passenger vehicles in order to comply with the Energy Policy Act of 1992.

**Management's Response:** Agree

2. Develop an Access database to record historical vehicle maintenance data that will be used in the decision making process.

**Management's Response:** Agree

### **Fleet Analysis and the Qualification for Vehicle Replacement**

All state owned vehicles are identified in an inventory listing maintained by the Department of Administration, State Fleet Operations. We obtained an unaudited detailed listing of 236 passenger vehicles assigned to the DEM inventory as of May 28, 1999. Passenger vehicles include sedans, vans, light-duty pick-up trucks, utility vehicles, and pursuit vehicles.

DEM operates many old, high-mileage passenger vehicles that need to be replaced. The replacement criterion used for this analysis was 7 years or 100,000 miles.

A second source of information was used to conduct our review of DEM fleet vehicles. The 1998 Annual Report of State-Owned Vehicle Usage was used to compile a database of information contained on the individual reports filed for each vehicle. These reports were for the 12-month period ended October 31, 1998. The information provided did not cover all vehicles listed with SFO because some forms were not filed and others were incomplete.

The two replacement criteria used to determine the number of vehicles that DEM would need to replace are (1) vehicles with a model year of 1992 and older, and (2) vehicles that have an odometer reading in excess of 100,000 miles. Based upon these criteria, DEM has 103 vehicles or 43 percent which are 1992 model year or older. There were 71 vehicles or 30 percent with reported mileage in excess 100,000 miles as Exhibit 2 shows. Fifty-two vehicles or 22 percent meet both replacement criteria. Appendix A of this report lists all passenger vehicles with odometer readings in excess of 100,000 miles as identified on the 1998 Annual Report of State-Owned Vehicle Usage.

## Exhibit 2

### Passenger Vehicles Exceeding Replacement Criteria

<u>Model Years</u>	<u>Number</u>	<u>Mileage</u>	<u>Number</u>
1990 to 1992	25		
1986 to 1989	57	100,000 to 149,999	47
1980 to 1985	8	150,000 to 199,999	18
1964 to 1979	<u>13</u>	200,000 and Over	<u>6</u>
Total Vehicles	<u>103</u> (43%)		<u>71</u> (30%)

Using aged, high-mileage state vehicles can lead to two problems. First, the state incurs higher maintenance costs. Older vehicles are more prone to breakdowns and expensive repairs, such as engine and transmission overhauls. For example, the department reported spending over \$4,900 in fiscal year 1999 to maintain a 1988 vehicle that had more than 169,000 miles. In another example, the department reported spending over \$3,600 in fiscal year 1999 to maintain a 1986 vehicle that had more than 186,000 miles. The cost to maintain these vehicles does not include fuel, service charges, and insurance costs.

Second, operating old, high-mileage vehicles results in greater downtime. Such vehicles become unreliable and are unavailable for use while being repaired. The downtime associated with DEM's aged, high-mileage vehicles was not readily available. The use of old, high-mileage vehicles reduces staff productivity. In many situations it requires two employees and two vehicles to be involved in the repair process.

### Recommendation

3. Develop replacement policies based upon the availability of resources. Vehicles that meet the replacement criteria should be prioritized.

Management's Response: Agree

### Vehicle Justification

The State of Rhode Island does not currently have a minimum mileage requirement for assigned state vehicles. Although state-owned vehicles are provided to employees to help them perform job duties, some vehicles are used largely for commuting from the employees' homes to their offices.

Section A-51 of the Department of Administration's Procedure Handbook defines commuting "as taking an employer-provided vehicle to or from the work site and the employee's residence. The reporting of commuting miles should be based on the distance from the employee's home to their work site and not to a state vehicle storage facility." Contrary to this policy many employees use the practice of calculating commuting miles from the employee's home address to the nearest state vehicle storage facility, as previously discussed in the background section of this report.

The Report of State-Owned Vehicle Usage for the period November 1, 1997 to October 31, 1998 was used to compile a database to analyze the justification of the department's vehicle fleet. For the purposes of this analysis, business use of 10,000 miles or more annually was used as the baseline criteria for the justification of an assigned vehicle. However, the commuting data compiled from the report could not be used and was deemed to be inaccurate. The basis for this decision was the way in which some employees calculated commuting miles. Therefore, we extrapolated the anticipated commuting miles for 21 vehicles that had assigned drivers whose workstation was the department's main office at 235 Promenade Street, Providence, R.I. This worksite has secure overnight parking available for vehicles.

The estimated annual commuting miles for these 21 vehicles was calculated by using the definition of commuting in Section A-51 of the Procedural Handbook. An Internet web site was used to determine the distance from the employee's home address and the work site. The daily commute was then multiplied by 210, which was the assumed number of days that the vehicle would be used for commuting during a 12-month period. The summary of this analysis is shown in Exhibit 3. The complete listing by registration number is shown in Appendix B of this report.

**Exhibit 3**

<b>Summary of Estimated Annual Commuting Miles</b>	
Number of Vehicles	21
Average reported mileage: Nov. 1, 1997 to Oct. 31, 1998	16,834
Average daily estimated commute	44.2
Average annual commute	9,459
Average business use	7,375
Average percent of commuting use	57%
Low to high annual commuting range	4,074 to 16,170
Low to high percent of commuting range	25% to 90%

For example, one vehicle with an estimated commuting use of 90 percent was driven 17,887 miles for the year with 1,100 commuting miles reported to SFO and to the State Controller. We calculated the approximate daily commute from the employee's home to the workstation as 77 roundtrip miles. Therefore, the estimated commuting use of this vehicle was 16,170 miles (210 workdays x 77) and business use was 1,717 miles. In another example, a vehicle was reported as having no commuting miles. This employee works in Providence, stores the vehicle at Arcadia Forestry Headquarters, but drives his personal vehicle to and from his home address. This state vehicle was driven 18,166 miles for a 12-month period. We calculated the approximate daily commute as 66 roundtrip miles. Therefore, the estimated commuting use of this vehicle was 13,860 miles (210 x 66) and business use was 4,306 miles.

Of the 21 vehicles analyzed, only four meet the justification criteria of 10,000 annual business miles. Six vehicles have business use mileage of less than 5,000 miles. Seventeen of the 21 vehicles could be eliminated based on the justification criteria. An additional 24 vehicles have been identified with less than 10,000 annual business miles from data obtained from the 1998 Annual Report of State-Owned Vehicle Usage as shown in Appendix C of this report.

The department would save money by no longer providing vehicles to employees who drive few miles on state business. Management needs to clearly define and establish commuting policies consistent with those established in Section A-51 of the Procedural Handbook. Commuting usage should be identified and tracked. Steps should be implemented to eliminate all commuting mileage unless an overwhelming benefit to the state can be established.

We were unable to determine the current vehicle needs for the department. The ongoing situation involving the commuting use of vehicles must be resolved before such a determination can be made on the number of vehicles the department needs.

#### **Recommendations**

4. Establish policies and procedures regarding the use of state-owned vehicles consistent with those in Section A-51 of the Procedural Handbook.

**Management's Response:** Agree

5. Consider reallocating those vehicles driven less than 10,000 business miles to those sections that have high-mileage vehicles.

**Management's Response:** Agree

#### **Reimbursement for Commuting Mileage**

Under RIGL 42-11.3-4 the user of a vehicle owned by a governmental body shall reimburse, on a monthly basis, costs incurred as a result of the use of the vehicle in commuting. Costs shall be determined by multiplying the number of miles by the rate set forth in U.S.C. § 162. Information provided by management was analyzed to determine if the department is in compliance with RIGL 42-11.3-4. The information provided by the department consisted of a list of employees that had been categorized as using vehicles for commuting.

The list contained the names of 108 employees and the vehicle(s) in which they commuted. Law enforcement personnel and their assigned vehicles are excluded from the reimbursement policy and are not listed as using their vehicles for commuting. The list covers the period from November 1, 1998 to October 31, 1999 and contains the month in which payments were made.

For the purposes of this report, data was analyzed for the periods of November 1, 1998 through April 30, 1999. We classified employee reimbursements into three separate categories as shown in Exhibit 4:

#### Exhibit 4

Employees' Reimbursements for Commuting Miles	
Description	Employees
All payments made	25
Some payments made	19
No payments made	64
Total Number of Employees	108

Analysis of the DEM's employee commuting list clearly indicates non-compliance with RIGL 42-11.3-4. Department records revealed that 83 employees (77%) on the list either made some or no monthly reimbursements as required by statute. In order to comply with the statute the department needs to update the employee-commuting list to ensure that only employees actually using a vehicle for commuting purposes are listed.

#### Recommendation

6. Establish policies and procedures to ensure that all employees who use a vehicle for commuting purposes reimburse the state on a monthly basis as required by statute. Management must include a process in which compliance with reimbursement is monitored and enforced.

Management's Response: Agree

#### Law Enforcement Vehicles

RIGL 42-11.3-1 (4) states that, "Security personnel" shall mean members of state law enforcement division engaged in undercover operations." This statute has a direct impact on the Department's Division of Enforcement and the Office of Criminal Investigations. Under RIGL 42-11.3-4(B), "The general officers, security personnel and directors of the various state departments are exempt..." from reimbursing commuting mileage for government-owned vehicles.

The Division of Enforcement and the Office of Criminal Investigations vehicles are not listed as commuting vehicles and reimbursement for commuting mileage is not made under the current system that the department has established. There are various statutes within the General Laws providing that enforcement officers are peace officers of the state with statewide powers to enforce and arrest for violations of the fish and wildlife, environmental, boating, firearms, littering, forestry, agriculture, assault, larceny and vandalism laws. In addition, it is the department's position they enforce all state laws and departmental regulations on property under control of the department.

It is our opinion that DEM's position for exempting enforcement officers and criminal investigators does not comply with the definition in the statute. The definition of the law exempts law enforcement personnel who are "engaged in undercover" operations. The statute

limits the definition of security personnel to members of a state law enforcement division who are engaged in a specific type of operation. It is our opinion that if a law enforcement officer is not engaged in undercover operations, the definition of security personnel is not being met.

In the absence of any court decisions we have requested a written legal opinion from the Department of Administration's legal counsel. The written decision will be shared with the State Controller and should be used in establishing policy for all state agencies to follow.

Management must limit the exemption from reimbursement of commuting miles to those enforcement personnel who are engaged in undercover operations as stated in the statute. All other enforcement personnel who do not meet the specified requirements of the law would be subject to reimbursing the state for commuting mileage under RIGL 42-11.3-4.

### **Recommendation**

7. Ensure compliance with the provisions of RIGL 42-11.3 and the State Controller's procedures.

**Management's Response:** Disagree

**Rebuttal to Management's Response:** See the Rebuttal to Management's Response Section of this report for our position on this issue.

### **Vehicle Inspections**

A physical inspection of DEM's passenger fleet was conducted in order to assess the overall condition of individual vehicles. As of August 4, 1999, we inspected 210 of the 236 vehicles (88%) from the department's passenger vehicle fleet. Odometer readings were verified and overall exterior body and running condition were observed. Inspection stickers were verified to ensure that vehicles were in compliance with state inspection laws. As a result of the physical inspection by our auditors Exhibit 5 reflects an eight-vehicle increase over those identified in Exhibit 2. Overall, vehicles assigned to the department appeared to be well maintained and did not show signs of abuse.

Twelve vehicles observed had expired inspection stickers with ten still being operated over state roads. Two vehicles were taken off the road and are no longer being operated. One of these vehicles had excessive rust and body rot with an odometer reading of 239,539 miles. A conversation with a department employee disclosed the vehicle is no longer in use. The second is a 1987 vehicle with an odometer reading of 213,461 miles. This vehicle did not pass inspection due to excessive body rot and needs repairs in excess of \$1,000.

The results of the inspection clearly show that age and mileage have a direct impact on the condition of vehicles. Vehicles that had the worst overall body condition were the older vehicles. High-mileage vehicles were more likely to have engine or transmission problems that required repair or replacement. Two vehicles, both with mileage in excess of 175,000 miles,

burn a quart of oil per week. One of these vehicles is a 1994 GMC Suburban that has 2 bad cylinders. A conversation with this driver revealed that the department's intent is to replace the vehicle's engine.

**Exhibit 5**

<b>Revised Passenger Vehicles Exceeding Replacement Criteria – As of August 4, 1999</b>	
<b>Mileage</b>	<b>Number</b>
100,000 to 149,999	46
150,000 to 199,999	25
Over 200,000	8
Total Vehicles	79

**Recommendation**

8. Evaluate the necessity of repairing older, high-mileage vehicles.

**Management's Response:** Agree

**Vehicle Acquisitions**

A new state vehicle can be acquired by one of three methods: cash-purchase, operating lease agreements, and lease-purchase agreements. The department receives appropriations for the acquisitions of new state vehicles. Appropriations are from general revenues, federal grants and restricted receipts. Vehicles are acquired through the competitive bid process administered by the Office of Purchases within the Department of Administration.

Cash purchase is the lowest cost method for buying vehicles. However, this method requires a high initial cash outlay which might not be available in tight budget years.

Leasing enables the department to meet equipment needs without making a large initial investment. Lease financing promotes fleet user recognition of the ongoing costs of vehicle availability, thereby providing for the best-informed vehicle assignment and usage decisions.

- Operating leases involve the department paying a vendor for the use, rather than the ownership of the equipment; such leases are generally for short-term use. However, the department is responsible for the condition of the vehicle as well as subject to additional mileage charges if the vehicle was driven beyond the agreed upon miles.
- Lease-purchase involves the department obtaining ownership of the equipment at the end of the contract for little or no additional cost. Generally, lease terms are for four years or less and the lease payments can be made monthly or annually.

Lease-purchase has the advantage of reducing the initial cash payment needed to acquire equipment. It spreads the costs over a period of years; thus, the department is not required to make a large initial investment. However, lease-purchase can lead to higher long-term costs. Under a lease-purchase the department pays a higher cost for vehicles due to a lease rate. Lease rates are primarily affected by the manufacture's cost, interest rates, profit, and supply and demand.

Implementation of a consistent replacement program will result in a reduction in maintenance and repair costs, decreases in fuel expenditures, and increases in disposal proceeds. Depending on the age and condition of the vehicles replaced under this method, financing costs would be offset by the savings from the operation and maintenance of new vehicles. However, funding needs would have to be increased for several years to cover new vehicle purchases as well as lease payments.

### **Recommendations**

9. Develop a replacement policy with the overall objective of trying to catch up in replacing vehicles.

**Management's Response:** Agree

10. Discuss with the Governor's Office and the State Budget Office the necessity of replacing vehicles on an annual basis and the best financing method available.

**Management's Response:** Agree

### **State Policy for Purchasing Vehicles**

Effective September 3, 1999, the Director of Administration established a policy regarding the purchase of light vehicles. The purpose of this policy is to enable the state to obtain the benefit of competitive pricing through volume discounts. Vehicles will be purchased in the fall for a winter delivery and in the winter for a spring delivery.

A master lease arrangement will be available for agencies that wish to make a lease/purchase rather than an outright purchase. Leases will be for a three to five year term. Except for law enforcement and emergency vehicles, agencies will be required to comply with the U.S. Energy Policy of 1992 as previously discussed in this report. In addition, a memo must be attached to purchase requisitions explaining why any vehicles are used for commuting.

Agencies will be required to submit purchase requisitions to the Budget Office including a two-year capital plan and budget for vehicle replacements beginning in fiscal year 2000.





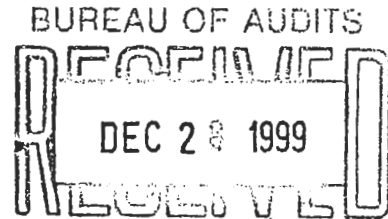
RHODE ISLAND  
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

235 Promenade Street, Providence, RI 02908-5767

TDD 401-831-5508

December 21, 1999

**Stephen M. Cooper, CFE, CGFM**  
Chief Bureau of Audits  
Department of Administration  
Bureau of Audits  
One Capitol Hill  
Providence, Rhode Island 02908



RE: Vehicle Policy & Audit

Dear Mr. Cooper:

The Department is pleased to provide its comments in response to the Bureau's draft report entitled, Review of Passenger Vehicle Fleet / Fiscal Year Ending June 30, 1999. Upon assuming my appointment as Director of the Department of Environmental Management in April 1999, I very quickly requested the assistance of Dr. Robert Carl in conducting a comprehensive audit of vehicle use at DEM. Essentially as noted in your introduction, I requested that the audit determine: (1) the number of vehicles the Department has; (2) how many are needed, (3) how many need replacement immediately and (4) what is the appropriate replacement schedule in the future. My main objective in requesting this information was to provide a safe and efficient fleet management system to help us conduct essential departmental operations. I believe your response to the complex issues raised in this request will be a great benefit to the Department of Environmental Management, but also towards establishing consistent statewide vehicle use policies that other departments may utilize.

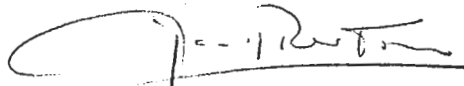
It is important in the short and long term that the Department adopt a reasonable standard for replacement of vehicles since the State does not have a policy for replacement. The audit report has articulated, based upon other practices, a replacement standard of seven years or 100,000 miles. The Department believes this to be a fair and reasonable standard and will incorporate it in its vehicle replacement program.

The Department appreciated the opportunity to work closely with members of your audit staff to calculate operational, policy and management issues raised by your analysis. For that reason, I directed that an interim policy for vehicle use and maintenance be drafted to incorporate the major findings and recommendations of your October report. The only area of disagreement between the Department and the audit report involves the interpretation of state law regarding a justification standard of vehicle commuting miles and law enforcement personnel (Recommendation #4 and #7 respectively).

**Stephen M. Cooper**  
**December 21, 1999**  
**Page 2**

I am forwarding with this response a copy of the Department's interim proposed vehicle policy incorporating suggestions and recommendations from your review and audit. In addition the attached narrative briefly responds to each of the recommendations in the format suggested by your staff at our exit conference meeting. If you have any questions on this response please do not hesitate to contact me or Frederick Vincent, Associate Director for Policy & Administration at 222-4700 extension 2405.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jan H. Reitsma", with a long horizontal line extending from the end of the signature.

**Jan H. Reitsma**  
**Director**

Attachment

c/     Dr. Robert Carl  
       Frederick J. Vincent  
       Glenn Miller

## Centralize Management

### Recommendation #1:

Develop policies and procedures to centralize the purchasing of passenger vehicles in order to comply with the Energy Policy Act - 1992.

### Departmental Response:

**Agree.** The Department agrees that the Auditor's rational to further centralize vehicle procurement in the Department, in order to comply with the 1992 Energy Policy Act's requirements, is necessary. Towards this end, the Department has drafted its interim policy for vehicle use, a copy of which is attached to this response. See Exhibit #1. The policy incorporates many of the management recommendations cited in the audit report. For example in the attached policy you will note standards for and approval of repairs; the designation of a centralized vehicle procurement officer; and the establishment of commuter mileage based upon actual distance from residence to work site. Other changes consistent with the audit findings are included as well. The Office of Management Services will serve as the central office for vehicle policy and fleet management.

### Recommendation #2:

Develop Access database for vehicle tracking.

### Departmental Response:

**Agree.** The Department is in process of converting its Excel Spreadsheet to an Access database. A consultant has been retained, and the conversion is expected to be complete by June 30, 2000. The Department hopes to utilize Fiscal Year 1999 reporting data as a basis in this project.

### Recommendation #3:

Develop replacement policies based upon the availability of resources. Vehicles that meet the replacement criteria should be prioritized.

### Departmental Response:

**Agree.** The Department has adopted the standard set forth in the audit report, namely seven years and 100,000 miles. The audit report finds that within the Department's passenger fleet of 236 vehicles, 43% or 103 vehicles are 1992 model year or older. Additionally 30% or 71 vehicles in the fleet report mileage greater than 100,000 miles. The number of vehicles meeting both of the above criteria is 22% or 52 of DEM's current passenger fleet. The Department will prioritize replacement of vehicles focusing on the 52 vehicles cited above as the first priority. The Department will update its analysis of fleet costs and expenses to justify replacement vehicles within existing resources. The Department has incorporated these standards into the interim vehicle policy attached.

### Vehicle Justification:

#### Recommendation #4:

Establish policies and procedures regarding use of state owned vehicles consistent with those in Section A-51 of the Procedural Handbook.

#### Departmental Response:

**Agree.** The Department agrees with the establishment of consistent policies with vehicle use, particularly relating to commuting use. The Department however **does not concur** with the Auditor's recommendation that a justification standard of 10,000 miles annually be adopted. The Department is working with the Rhode Island Department of Administration towards the establishment of a reasonable vehicle justification standard appropriate for DEM. Given Rhode Island's unique size and more importantly DEM's unique mission to maintain statewide facilities, with on site patrols, a 10,000-mile standard appears unreasonable. In Fiscal Year 1999, the Department reported 6,450 miles as the average business use of its state vehicles. We are researching other states and agencies similar to the Department to evaluate their practices. Prior to the Department of Administration setting a new standard, either by rule or statute, the Department proposes to utilize this average business mileage as an interim measure. It should be stressed that the Department, as stated previously, will seek approval from the Director of the Department of Administration for its interim vehicle justification standard.

#### Recommendation #5:

Consider reallocating those vehicles driven less than 10,000 business miles to those sections with high mileage vehicles.

#### Departmental Response:

**Agree.** The Department's Office of Management Services, as part of its new role for tracking and evaluation of vehicle use will explore the reallocation of low mileage vehicles to other areas in the Department showing both a high demand and proportion of older, high mileage vehicles. In making this assessment the Department will need to consider fiscal, programmatic and legal constraints associated with the reallocation of vehicles and their use. It is believed that the Department's attached policy regarding commuter usage may well result in a significant decrease in commuting vehicles as a first step. The Department will analyze reallocation of such vehicles as a first action. Reassignments within divisions, followed by reassignments within a program Bureau and finally, if feasible, within the Department will be the approach followed. Such reallocations should be completed by the close of Fiscal Year 2000.

### Reimbursement for Commuting Mileage

#### Recommendation # 6:

Establish policies and procedures to ensure that all employees who use a vehicle for commuting purposes reimburse the State on a monthly basis as required by statute. Management must include a process in which compliance with reimbursement is monitored and enforced.

Departmental Response:

**Agree.** The Department will rescind the current 1991 policy for commuting reimbursement and replace it with a new policy consistent with statutory requirements as cited in the final audit report. Under this new system, those employees authorized to utilize a vehicle for commuting purposes will be required to pay reimbursement based upon mileage computed from primary residence to work site. The Department has already explored and will utilize standard computations based upon a proven program entitled, Mapquest to calculate mileage from the residence to the work site.

The Department acknowledges that monthly collection of commuter fees has been inconsistent. Inconsistency is in part due to the lack of a simplified automatic system to capture monthly reimbursements. The Department will explore the collection of monthly commuting fees through an automatic payroll deduction process. Such a process will need to provide adjustments to account for authorized leave periods, such as vacation, medical or personal leave. Due to these necessary adjustments, implementation of such a system will require review and approval by the State Controller. DEM will initiate discussions on this approach with the Office of Accounts & Controls.

While the Department believes that the automatic payroll deduction system to be the most effective and efficient approach, should the system not prove feasible, the Department will set in place a notification and monitoring system centralized in its Office of Management Services. That Office will notify the appropriate Division Chief when a monthly payment for commuting charge has not been received. The notice will require payment within five working days or the commuting privilege will be suspended.

**Law Enforcement Vehicles**

Recommendation #7:

Ensure compliance with the provisions of Rhode Island General Laws § 41-11.3 and the State Controller's procedures.

Departmental Response:

**Disagree.** The audit in this finding takes a very narrow reading of Rhode Island General Laws § 41-11.3-1(4) and concludes, we believe, incorrectly that only law enforcement officers engaged in "undercover operations" at DEM would qualify for exemption from the reimbursement for commuting mileage. The Department strongly disagrees with the opinion that the Department's Enforcement Officers and Criminal Investigators do not comply with the definition in the statute and are therefore not exempt from reimbursing the State for commuting mileage. Our rationale is summarized below.

IRS regulation 26 C.F.R. §1.274-5T(k) states that there are several employer-provided vehicles that are exempt from withholding. These vehicles are contained on a list of exceptions for qualified non-personal use vehicles. Included on this list are "clearly marked police and fire vehicles" and "officially authorized uses of unmarked vehicles by law enforcement officers or arson investigator who are full-time employees, authorized to carry fire arm, execute search warrants and make arrests." 26 C.F.R. §1.274-5T(k)(2)(ii)(A) and 26 C.F.R. §1.274-5T(k)(3). See attached regulation referenced as Exhibit 1.

Section (k)(6) of the same regulation addresses unmarked law enforcement vehicles and states that any personal use of a vehicle by a "law enforcement officer" must be authorized by the agency and must be incident to law enforcement functions. Section (6)(ii) defines the term "law enforcement officer" as an individual who is employed on a full-time basis by a governmental unit that is responsible for the prevention or investigation of crime involving injury to persons or property (including apprehension or detention of persons for such crimes), who is authorized by law to carry firearms, execute search warrants, and to make arrests...and who regularly carries firearms....

Section 42-11.3-1(4) of the RIGL exempts law enforcement personnel who are engaged in undercover operations from the reimbursement requirement. This is consistent with the federal regulations.

The policy statement of the Department of Administration A-51, dated July 1, 1997 contains the IRS list of exempt vehicles for reimbursement purposes. Enforcement vehicles used by conservation officers that are clearly marked vehicles are exempt as are unmarked vehicles used by criminal investigators with confidential registration plates.

There are several memoranda on this very issue dating back to 1991 including correspondence from State Controller Lawrence Franklin to state payroll officers regarding payroll and tax treatment of certain vehicles that are exempt from being included as wages and treated as income for tax purposes. In a more recent memorandum dated October 2, 1998, from Lawrence Franklin to Glenn Miller, Mr. Franklin wrote:

*"I have reviewed the statute that accompanied your response and concur that the investigators and chief investigator working in the Office of Criminal Investigation and the conservation officers qualify for exemption from income taxes for the use of employer provided vehicles. They qualify as 'law enforcement officers' under IRS regulations Section 1.274-5T(k)."*

If the department adopts the auditor's rationale, then DEM conservation officers who drive marked vehicles and DEM criminal investigators would be treated differently than all other law enforcement officers in the state for tax purposes. DEM conservation officers and criminal investigators carry firearms, have arrest powers, can obtain search warrants and enforce laws under the control of DEM. These officers are on 24-hour call and must respond to emergencies off-duty as needed. Similarly, emergency response personnel at DEM also must respond to emergencies off-duty. These individuals respond to traffic accidents, oil spills, chemical spills and other situations requiring environmental response. They carry specific equipment in their vehicles and it would not make sense to require them to drive to a central location to pick up a vehicle and then respond to the emergency situation. Restricting the reimbursement to only "undercover" vehicles directly contradicts the federal tax regulation, which specifically exempts "nonpersonal use vehicles" and includes marked police vehicles.

The Department disagrees with the opinion of the auditor that the department's enforcement officers and criminal investigators do not comply with the definition in the statute and are therefore not exempt from reimbursing the state for commuting mileage. Federal regulations, the Department of Administration Policy, and prior direction from the State Controller all lead to the proper

conclusion that DEM conservation officers and criminal investigators are exempt from reimbursement of commuting miles. In the alternative, the Department recommends statutory changes to RIGL §42-11.3-1 et seq. that clearly exempt conservation officers, criminal investigators and other emergency response personnel from the reimbursement requirement.

### **Vehicle Inspection**

#### **Recommendation #8:**

Evaluate the necessity of repairing older high-mileage vehicles.

#### **Departmental Response:**

**Agree.** The interim vehicle policy developed the Office of Management Services sets forth-correct criteria for vehicle maintenance, replacement and repairs. Under this interim policy, approval by the Department's designated Procurement Officer (Chief of Management Service) for major repairs is required. A major repair is a single repair costing more than \$499 or repairs to vehicles with a previous annual repair in excess of \$2,000. The Department as stated previously will implement this procedure as part of our interim vehicle policy for Fiscal Year 2000. Currently there are no limits for repairs to State vehicles and such decisions are made in a decentralized fashion at the division level. The Auditor's inspection of 80% of the Department's passenger fleet verify that Department's personnel is properly maintaining vehicles. However, the audit also finds and the Department's supports the finding that excessive investment in older high mileage vehicles is not cost effective use of State dollars. It is thus critical that the Department adopts a replacement plan for optimum vehicle use and the plan serves as a basis for budgetary requests in future years.

### **Vehicle Acquisitions**

#### **Recommendation #9:**

Develop a replacement policy with the overall objective of trying to catch up in replacing vehicles.

#### **Departmental Response:**

**Agree.** It is important to note the major finding of the Auditors in this regard, as stated on Page 12, as follows:

*"Implementation of a consistent replacement program will result in a reduction in maintenance and repair costs, decreases in fuel expenditures, and increases in disposal proceeds. Depending upon the age and condition of the vehicles replaced under this method, financing costs would be offset by the savings from the operations and maintenance of new vehicles. However, funding needs would have to be increased for several years to cover new vehicle purchases as well as lease payments."*

While the Department strongly agrees with the finding as quoted above, it is most cognizant of the fiscal challenges presented in addressing deterioration of the departmental fleet. The dimensions of this problem as reviewed in the audit will be the basis for the Department's proposal to upgrade and improve its State fleet. At the same time, the Department will move to make use of State vehicles

in the most efficient manner possible by reducing commuter use and reallocating vehicles as previously outlined. Such a policy will need the full cooperation and support of DEM staff; the Governor's Office, the Department of Administration and most especially the State Budget Office.

Recommendation #10:

Discuss with the Governor's Office and State Budget Office the necessity of replacing vehicles on an annual basis and the best financing method available.

Departmental Response:

**Agree.** The Department will provide the Governor's Office and Budget Office a copy of this final report. The Director and Director Robert Carl have already met to review, in a preliminary fashion, the issues associated with a State vehicle policy for replacement and commuting use. Such discussions will continue in the weeks and months ahead. It is the Department's expressed hope that statutory changes to address current weaknesses in the Rhode Island General Laws as well as appropriate rule change, will be adopted on a statewide basis. The Department of Administration has already moved, as in the memorandum of September 3<sup>rd</sup> by Dr. Robert Carl and Associate Director, Dennis Lynch, to standardize procurement practices of State vehicles. This memorandum also addresses replacement in part as it requires the identification of a trade and / or replacement vehicle. The Department will explore "*best financing method available*" with appropriate State officials in the Department of Administration and incorporate the changes and recommendations in its budget request for Fiscal Year 2001. It is more realistic to assume, however, that implementation of such recommendations would take place in Fiscal Year 2002.





RHODE ISLAND  
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

235 Promenade Street, Providence, RI 02908-5767

TDD 401-831-5508

**M e m o r a n d u m**

**SUBJECT:** Interim Commuter Policy and Vehicle Replacement Program

**Date:** January 2000

**FROM:** Jan H. Reitsma, Director

**TO:** Associate Directors, Assistant Directors, Chiefs, Staff

The Office of Management Services has been delegated to enforce the requirements of the US Energy Policy Act of 1992 and to act as a central clearing house for the procurement of DEM vehicles which will ensure that the Department is in compliance with the Act, in effect meeting the quotas established for alternative fueled vehicles and for consistent and efficient utilization of state vehicles by Departmental personnel.

Furthermore, the Department will adhere to the Department of Administration guidance of September 3, 1999, purchasing of State Vehicles as stated in the December 8<sup>th</sup> memorandum from Chief Glenn Miller. The policy requires vehicles to be leased or purchased twice a year. In the Fall for winter delivery and the winter for spring delivery. The purpose of the policy is to enable the State to buy in volume and obtain better pricing. A master lease arrangement is being established by the State Budget Office that will enable the Department make a lease purchase rather than buy outright. Leases will be for three to five year terms and purchase requisitions should be prepared on this basis by allocating the total estimated costs over the term of the lease. Guidance will be issued by the Office of Management Services.

**Alternate Fuel Vehicle Goals:**

A generic specification is attached for your reference. With the exception of the Office of Criminal Investigations and the Division of Law Enforcement (and identifiable emergency vehicles). The departments goal will be 100 percent compliance for purchasing compressed natural gas vehicles. Any exemption to the alternate fuel requirement would be by an accompanying memorandum approved by the Director.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT  
REVIEW OF PASSENGER VEHICLE FLEET  
FISCAL YEAR ENDED JUNE 30, 1999

**REBUTTAL TO MANAGEMENT'S RESPONSE**

The Finding and Recommendation No. 7 dealing with Law Enforcement Vehicles within this report was developed primarily for the department's compliance to Chapter 42-11.3 of the Rhode Island General Laws (RIGL). This statute clearly defines the classes of employees exempt from reimbursing the state for commuting miles. The Department of Environmental Management's response does not alter our opinion that law enforcement officers within the department do not meet this definition unless the officer is specifically engaged in an undercover operation.

The department has to realize that we are dealing with two separate issues.

First, RIGL Section 42-11.3-4(A) requires that state employees using employer-provided vehicles reimburse the state for commuting miles. This statute provides certain classes of employees an exemption from the reimbursement requirement. (For example, RIGL Section 42-11.3-1(4) states that "security personnel" shall mean members of a state law enforcement division engaged in undercover operations.") State employees reimbursing their departments under the statute would reduce their federal tax liability for the working condition fringe benefit.

Second, for the purpose of federal income taxation, IRS Regulations exempt certain classes of vehicles used by state employees for commuting purposes. Law enforcement vehicles fall within the exempted class of vehicles. However, in order to qualify for the exemption under IRS Regulations, the State of Rhode Island must require that these vehicles be used for commuting by a police officer. Since RIGL Section 42-11.3-4(E) states that "The director of a governmental body shall not require an employee to use a vehicle owned by a governmental body for commuting purposes," the department's law enforcement personnel do not meet the criteria in IRS Regulation § 1.274-5T (k)(3).

The following information identifies the relationship between the IRS Regulations and the R.I. General Laws.

**Treatment of clearly marked police and fire vehicles and the taxation of commuting use under IRS Regulations:**

IRS Regulation § 1.274-5T(k)(2)(ii) lists the qualified nonpersonal use vehicles that are exempt from taxation as a fringe benefit. The State of Rhode Island has incorporated this list in Procedure A-51 of the Department of Administration's Procedural Handbook. The section of Procedure A-51 entitled "Federal Law" gives a general guideline to the taxation of employer-provided vehicles used for commuting purposes.

Page 5 of Procedure A-51, Federal Law, *part a*, which states, "Clearly marked police and fire vehicles" does not correspond to IRS Regulation § 1.274-5T (k)(2)(ii)(A) which states, "Clearly

marked police vehicles and fire vehicles (as defined and to the extent provided in paragraph (k)(3) of this section)....” IRS Regulation § 1.274-5T (k)(3), states, **“A police or fire vehicle is a vehicle, owned or leased by a governmental unit, or any agency or instrumentality thereof, that is required to be used for commuting by a police officer or fire fighter....”** [Emphasis added]

The State of Rhode Island cannot meet the requirements of IRS Regulation § 1.274-5T (k)(3) because RIGL Section 42-11.3-4(E) states, “The director of a governmental body shall not require an employee to use a vehicle owned by a governmental body for commuting purposes.” By definition, the IRS requires that the vehicle be used for commuting purposes. In our opinion, the R.I. General Laws, as presently written, expressly prohibit an employee from being required to use a vehicle for commuting purposes. Therefore, state law enforcement vehicles cannot be exempted from the IRS reporting requirements as stated in Procedure A-51 of the Department of Administration’s Procedural Handbook. These vehicles are in fact subject to the reporting requirements as set forth in 26 U.S.C. § 280F.

**Treatment of unmarked vehicles used by law enforcement officers and the taxation of commuting use under IRS Regulations:**

Both Procedure A-51 of the Department of Administration’s Procedural Handbook and IRS Regulation § 1.274-5T (k)(2)(ii) exclude the taxable fringe benefit for “officially authorized users of unmarked vehicles by law enforcement officers or arson investigators...” used for commuting purposes.

Page 5 of Procedure A-51, Federal Law, *part q.* refers to “Officially authorized users of unmarked vehicles by law enforcement officers or arson investigators....” This does not correspond to IRS Regulation § 1.274-5T (k)(2)(ii)(R) which states, “Unmarked vehicles used by law enforcement officers (as defined in paragraph (k)(6) of this section) if the use is officially authorized....” IRS Regulation § 1.274-5T (k)(6) states, “Unmarked law enforcement vehicles- (i) In general. The substantiation requirements of section 274(d) and this section do not apply to officially authorized uses of an unmarked vehicle by a ‘law enforcement officer.’ **To qualify for this exception, any personal use must be authorized by the Federal, State, county, or local governmental agency that owns or leases the vehicle and employs the officer, and must be incident to law-enforcement functions, such as being able to report directly from home to a stakeout or surveillance site, or to an emergency situation.**” [Emphasis added]

State policy and procedures do not allow a vehicle to be used for personal purposes. Procedure A-51 of the Department of Administration’s Procedural Handbook (page 13) states, “The State has a policy that state-owned vehicles cannot be used for personal use except for commuting purposes.” This State policy contradicts the requirements of the definition in IRS Regulation § 1.274-5T (k)(6)(i), described above. As a result, in Rhode Island unmarked law enforcement vehicles cannot be exempted from IRS reporting requirements. These vehicles are in fact subject to the reporting requirements as set forth in 26 U.S.C. § 280F.

Department of Environmental Management  
Vehicles With Odometer Readings in Excess of 100,000 Miles  
As Filed on the 1998 Report of State-Owned Vehicle Usage  
Vehicles in State Fleet Inventory as of May 28, 1999

<u>Number</u>	<u>Registration</u>	<u>Year</u>	<u>Description</u>	<u>Type</u>	<u>Odometer</u>
1	18	87	Chevy Blazer	Utility	239,539
2	1284	86	Chevy CS10603	Pickup	213,411
3	2064	88	Chevy Fleetside	Pickup	210,020
4	81	88	Chevy Blazer	Utility	206,700
5	739	87	Ford Bronco	Utility	204,000
6	977	86	Chevy CS10603	Pickup	200,507
7	1469	89	Chevy Blazer	Utility	196,919
8	2472	88	GMC Jimmy	Utility	193,370
9	2473	88	GMC	Utility	193,108
10	2332	86	GMC Wideside	Pickup	186,720
11	2297	89	Chevy Blazer K5	Utility	177,421
12	2468	88	Chevy Celebrity	4 Dr Sedan	176,210
13	1659	90	Chevy Cavalier	5 Dr Sedan	174,812
14	2419	87	GMC Jimmy	Utility	173,008
15	2414	93	Chevy Blazer S10	Utility	172,500
16	1908	88	Chevy Blazer	Utility	169,629
17	1628	90	Chevy Cavalier	4 Dr Sedan	167,655
18	830	89	Chevy Blazer	Utility	163,781
19	953	88	Chevy	Van	163,779
20	1981	86	Chevy Fleetside	Pickup	163,650
21	1402	93	GMC Yukon	Utility	154,976
22	2811	91	Chevy Blazer S10	Utility	154,976
23	1751	89	Chevy Celebrity	4 Dr Sedan	154,357
24	602	88	Chevy Cavalier	4 Dr Sedan	151,389
25	31	88	Chevy Celebrity	4 Dr Sedan	151,365
26	1534	88	GMC Jimmy	Utility	149,270
27	802	88	Jeep Cherokee	4 Dr Wagon	148,779
28	1069	93	GMC Jimmy	Utility	148,700
29	712	89	Ford Aerostar	Van	148,387
30	2327	93	Chevy Blazer	Utility	148,387

Department of Environmental Management  
Vehicles With Odometer Readings in Excess of 100,000 Miles  
As Filed on the 1998 Annual Report of State-Owned Vehicle Usage  
Vehicles in State Fleet Inventory as of May 28, 1999

<u>Number</u>	<u>Registration</u>	<u>Year</u>	<u>Description</u>	<u>Type</u>	<u>Odometer</u>
31	1590	93	Chevy Blazer S10	Utility	145,510
32	2223	93	Chevy Yukon	Utility	145,119
33	974	86	Chevy CS10603	Pickup	144,641
34	22	88	Chevy Caprice	Sedan	141,112
35	2737	89	Chevy Fleetside	Pickup	141,085
36	1658	90	Chevy Cavalier	5 Dr Sedan	138,217
37	2706	88	Chevy Cavalier	4 Dr Wagon	138,000
38	962	93	GMC Jimmy	Utility	135,656
39	951	85	Chevy Cg11005	Van	135,226
40	1594	93	GMC Yukon	Utility	134,843
41	1959	91	Ford Explore	Utility	133,583
42	1591	93	GMC Yukon	Utility	133,050
43	1767	93	GMC Yukon	Utility	132,820
44	1291	88	Chevy Blazer	Utility	132,763
45	1112	88	Chevy Blazer	Utility	132,650
46	833	93	Ford Explorer	Utility	130,000
47	2383	83	Ford Carryall	Van	129,798
48	772	91	Chevy Blazer S10	Utility	126,890
49	713	86	Ford F361	Pickup	123,588
50	1122	93	Chevy Blazer S10	Utility	122,441
51	2220	91	Chevy Fleetside	4x4 Pickup	121,796
52	1073	86	Chevy CS10603	Pickup	119,992
53	1650	91	Chevy Blazer	Utility	117,802
54	2418	90	Dodge Ram 250	Van	117,772
55	1285	86	Chevy CS10603	Pickup	117,753
56	700	89	Chevy Blazer S10	Utility	117,315
57	1422	89	Ford Bronco	Utility	115,687
58	2729	89	Chevy Van	Van	112,933
59	708	88	Chevy Blazer	Utility	112,877
60	702	91	Chevy Lumina		112,422

Department of Environmental Management  
Vehicles With Odometer Readings in Excess of 100,000 Miles  
As Filed on the 1998 Annual Report of State-Owned Vehicle Usage  
Vehicles in State Fleet Inventory as of May 28, 1999

<u>Number</u>	<u>Registration</u>	<u>Year</u>	<u>Description</u>	<u>Type</u>	<u>Odometer</u>
61	1529	93	Ford F350	Pickup	112,300
62	711	88	Chevy Blazer	Utility	110,467
63	2731	93	Dodge Ram Charger	Sport/Utility	108,500
64	730	93	GMC Yukon	Utility	108,200
65	781	80	Ford F350	Pickup	107,637
66	1018	93	GMC Jimmy	Utility	105,811
67	1001	95	Ford Taurus Gl	Wagon	103,120
68	1802	93	GMC Sonoma	Pickup	100,946
69	935	89	Ford E150	Pickup	100,940
70	1864	95	Ford Taurus		100,412
71	785	79	Ford F350	Pickup	100,168

## Appendix B

### Department of Environmental Management Commuting Vehicle Estimates As Filed on the 1998 Annual Report of State-Owned Vehicle Usage

<u>Number</u>	<u>Registration</u>	<u>Reported</u>	<u>Reported</u>	<u>Daily Estimated</u>	<u>Annual Commute</u>	<u>Business</u>	<u>Percent</u>
		<u>Mileage</u>	<u>Commute</u>	<u>Commute</u>	<u>Based on 210</u> <u>Days</u>	<u>Miles</u>	<u>Commuting</u>
1	602	16,772	1,575	48.8	10,248	6,524	61%
2	739	15,000	416	25.8	5,418	9,582	36%
3	749	18,166	0	64.6	13,566	4,600	75%
4	802	17,823	1,100	28.6	6,006	11,817	34%
5	810	13,141	360	32.6	6,846	6,295	52%
6	947	17,887	724	77.0	16,170	1,717	90%
7	962	18,331	1,712	48.0	10,080	8,251	55%
8	1001	20,200	6,666	59.6	12,516	7,684	62%
9	1026	15,227	728	33.2	6,972	8,255	46%
10	1069	22,968	13,200	53.0	13,200	9,768	57%
11	1546	14,117	459	19.4	4,074	10,043	29%
12	1628	19,230	3,993	23.0	4,830	14,400	25%
13	1807	11,000	0	30.0	6,300	4,700	57%
14	1812	12,000	6,900	25.6	6,900	5,100	57%
15	1871	21,534	828	62.0	13,020	8,514	60%
16	1904	17,300	924	46.8	9,828	7,472	57%
17	1995	15,813	282	62.8	13,188	2,625	83%
18	2414	25,876	4,200	38.0	7,980	17,896	31%
19	2434	14,561	852	39.8	8,358	6,203	57%
20	2472	11,730	579	48.6	10,206	1,524	87%
21	2473	14,844	1,035	61.6	12,936	1,908	87%
	AVG	<u>16,834</u>		<u>44.2</u>	<u>9,459</u>	<u>7,375</u>	<u>57%</u>

Registrations 1069 and 1812 are identified in both Appendix B and C.  
Registrations 749 and 1807 had no reported commuting miles.

Department of Environmental Management  
Vehicles With Less Than 10,000 Annual Business Miles  
As Filed on the 1998 Annual Report of State-Owned Vehicle Usage

<u>Number</u>	<u>Registration</u>	<u>Year</u>	<u>Description</u>	<u>Odometer</u>	<u>Annual</u>	<u>Miles Traveled</u>	
						<u>Commuting</u>	<u>Business</u>
1	6	95	Ford Taurus Gl	72,502	16,442	8,720	7,722
2	713	86	Ford F361	123,588	11,129	1,540	9,589
3	737	91	Ford Explore	17,093	8,757	1,000	7,757
4	745	98	Ford	12,210	10,173	596	9,577
5	746	98	Chevy Ck1500	6,679	6,679	1,365	5,314
6	758	98	Chevy Blazer	8,332	8,332	1,952	6,380
7	783	98	Chevy Ck1500	6,947	6,947	339	6,608
8	786	98	Chevy Ck1500	4,602	4,602	339	4,263
9	967	98	Chevy Lumina	8,542	6,546	300	6,246
10	973	93	GMC Sonoma	75,511	1,272	488	784
11	1018	93	GMC Jimmy	105,811	12,484	7,110	5,374
12	1069	93	GMC Jimmy	148,700	22,968	13,200	9,768
13	1122	93	Chevy Blazer S10	122,441	2,520	1,200	1,320
14	1549	97	Ford Windstar	18,208	10,144	1,460	8,684
15	1658	90	Chevy Cavalier	138,217	6,000	364	5,636
16	1676	99	Ford Explore	84,325	8,532	792	7,740
17	1705	98	Chevy Lumina		8,497	66	8,431
18	1786	98	Ford F150	7,820	4,291	185	4,106
19	1806	94	Pontiac Grand Prix	58,108	8,500	-	8,500
20	1812	94	Dodge Caravan	61,630	12,000	6,900	5,100
21	1909	98	Ford Windstar	1,903	-	-	-
22	1959	91	Ford Explore	133,583	3,593	300	3,293
23	2172	93	GMC Siera	49,723	3,729	176	3,553
24	2215	93	GMC Siera	73,939	936	604	332
25	2400	99	Ford Explore	98,129	8,348	1,092	7,256
26	2464	98	Ford Taurus	10,866	8,482	596	7,886

Registrations 1069 and 1812 are identified in both Appendix B and C.



Department of Environmental Management  
REVIEW OF PASSENGER VEHICLE FLEET  
Fiscal Year Ended June 30, 1999

**Suggested Amendments to R.I. General Law 42-11.3**

*Appendix D provides the suggested language to amend Section 42-11.3 of the R.I. General Laws to mirror the definition of Law Enforcement Officers in IRS Regulations. This amendment will also provide the statutory definition for the term "commuting".*

**TITLE 42**

**State Affairs and Government**

**CHAPTER 42-11.3**

**Motor Vehicles Owned by a Governmental Body**

§ 42-11.3-1 Definitions. – As used in this chapter, the following terms shall have the following meanings unless otherwise specified:

(1) "General officer" shall mean the governor, the lieutenant governor, the attorney general, the secretary of state and the general treasurer.

(2) "Governmental body" shall mean any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, including, without limitation, the board of governors for higher education and board of regents –elementary and secondary education or other establishment of the executive, legislative or judicial branch of the state.

(ii) "Governmental body" also shall mean the Rhode Island industrial recreational building authority, the Rhode Island port authority and economic development corporation, the Rhode Island industrial facilities corporation, the Rhode Island refunding bond authority, the Rhode Island housing and mortgage finance corporation, the Rhode Island solid waste management corporation, the Rhode Island public transit authority, the Rhode Island student loan authority, the Howard development corporation, the water resources board corporate, the Rhode Island health and education building corporation, the Rhode Island higher education assistance authority, the Rhode Island turnpike and bridge authority, the Blackstone Valley district commission, the Narragansett Bay water quality management district commission, Rhode Island telecommunications authority, the convention center authority, channel 36 foundation, their

(B) The general officers, ~~security personnel~~ law enforcement officers and the directors of the various state departments are exempt from this section provided however, that the use of a vehicle by a general officer for political purposes shall be subject to this section.

(C) A user of a vehicle owned by a governmental body who is subject to be recalled to work at any time shall not be required to reimburse the governmental body for those trips required by a recall to a work site when the user is recalled to work.

(D) The director of each governmental body shall submit to the director of administration, the house fiscal advisory staff and the senate fiscal advisory staff the name and address of each user of a vehicle owned by a governmental body who is subject to recall at any time.

(E) The director of a governmental body shall not require an employee to use a vehicle owned by a governmental body for commuting purposes. This section shall not apply to employees that meet the definition of law enforcement officer as set forth in § 42-11.3-1(4).

(F) Nothing in this statute shall affect the obligations of the vehicle operator as set forth in 26 U.S.C. § 280F.

**§ 42-11.3-5** Annual report. – The director of administration shall annually in the month of January submit a report to the house fiscal advisory staff and the senate fiscal advisory staff on motor vehicles owned by a governmental body. The report shall identify the vehicle, the principal driver of the vehicle, the mileage incurred by the vehicle during the previous calendar year, the miles attributable to commuting in the previous calendar year, the maintenance record and cost of maintenance of the vehicle during the previous year and such other information as the director of administration requires.

**§ 42-11.3-6** Rules and regulations. – The director of administration shall promulgate rules and regulations that are necessary to implement the provisions of this chapter.